



DH WEST

DOCTORS HOSPITAL

Trusted and Best Care NOW. Isn't Your Health Worth It?



OUR VISION

Doctors Hospital will be the best healthcare provider in the Region.



OUR MISSION

Doctors Hospital exists to operate a quality acute care hospital that meets and exceeds the healthcare needs and expectations of our patients, provides an enriching and rewarding professional environment for our Associates and Physicians, makes a positive contribution to the advancement of healthcare in the Region, and provide increasing value to our shareholders.



STRATEGIC PRIORITIES

Using the acronym **G.L.O.W.** Doctors Hospital has focused its strategic priorities to produce enhanced growth and development within the health system.

G - GROWING
L - LEARNING
O - OUTREACHING
W - WOW!



OUR CORE VALUES

The phrase "**WE CARE**" is more than just a slogan to us, it is an acronym for the qualities we believe are essential to our business:

W - WELCOME
E - EMPATHY
C - COMMITMENT
A - ACCOUNTABILITY
R - RESPECT
E - EXCELLENCE

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WELCOME TO DH WEST



Doctors Hospital West on Blake Road offers convenient Outpatient Services for the local population who work and live on the western end of the island. PrimeCare, onsite laboratory and imaging services as well as wound care, Hyperbaric Oxygen Therapy chamber and Rehabilitation services make it a diverse care facility.

PRIMECARE @ DOCTORS HOSPITAL WEST



PRIMECARE

PrimeCare is Doctors Hospital's primary and preventative care service based out of Doctors Hospital West outpatient facility on Blake Road.

PrimeCare provides:

- Primary and Preventative Care
- Annual Physicals and Wellness Checkups (adult and child)
- Executive Physicals (by appointment)
- Sick Visits
- School Physicals
- Vaccines and Immunizations
- Urgent Care (fever, flu, minor cuts and burns, muscle sprains and strains)
- Preventative Care for common chronic conditions (diabetes, childhood obesity, high cholesterol, hypertension, asthma, etc.)
- Travel Medicine
- Lab and Diagnostics

You already trust Doctors Hospital to provide you the best in hospital and outpatient specialist care. Doctors Hospital is now alongside you throughout the entire journey through the preventative and primary care services offered with PrimeCare.



EXTENDED CARE

This past year, Doctors Hospital West piloted Extended Care Services for the Health System. Extended Care exists to fill the gap for patients who are medically stable but still require a level of medical care that makes them unsuitable for discharge. For patients requiring monitored medical care and other intermediate care needs Extended Care at Doctors Hospital West now provides that service. Our licensed physicians supervise each patient's care and our trained nurses are onsite 24/7.



REHAB

Doctors Hospital offers a comprehensive, multi-facility Rehabilitation program that is committed to enabling patients to reach and maintain their maximum level of functional independence. At Doctors Hospital West, we accommodate the following services and disciplines:

- Physical Therapy
- Post Rehabilitation
- Home Care Physiotherapy
- Speech-Language Pathology
- Aquatic Therapy
- Senior Fitness
- Occupational Therapy



LAB

Doctors Hospital West offers a complete suite of laboratory services. Our certified team of Physicians, Phlebotomists and Medical Technologists have the advanced skills and technology to accurately collect and analyze all specimens while ensuring the utmost in comfort, safety and privacy during testing.

Studies include:

- Hematological studies
- Immunology
- Chemical pathology
- Serology



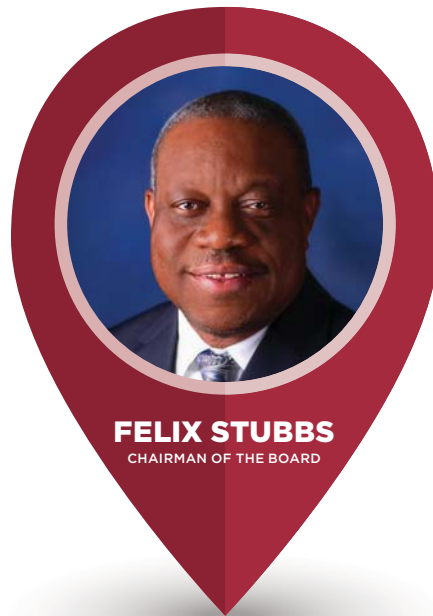
IMAGING

Doctors Hospital West provides a full spectrum of imaging services and maintains the highest standards of patient care for the residents of western New Providence.

Imaging Services include:

- X-ray
- Routine abdomen/pelvic ultrasound
- CT scans

CHAIRMAN'S REPORT



FELIX STUBBS
CHAIRMAN OF THE BOARD

“

We are particularly proud of the work done at Doctors Hospital West in the past year. We are excited to say that the rebranding efforts at this facility has begun to bear fruit.

”

In the past year, Doctors Hospital has made great strides in growing and diversifying the health system.

Maintaining our focus on our GLOW (Grow, Learn, Outreach, Wow) vision has once again led to a strong Net Profit position this year. I commend our Executive Team for achieving growth and expansion while maintaining the highest quality of service and patient safety. Our team has provided keen

oversight and allowed the hospital to sustain and increase our return to you our shareholders. On behalf of the Board of Directors I extend full support.

We can proudly state that once again Doctors Hospital was successful in its pursuit of accreditation with Joint Commission International (JCI). JCI is the international arm of the U.S.-based Joint Commission on the Accreditation of Healthcare Organizations (JCAHO); the same body that certifies more than 30,000 hospitals in the United States. Fewer than 850 hospitals outside of the United States have earned the accreditation and Doctors Hospital remains one of only two acute care hospitals in the Caribbean region to be recognized for its consistent adherence to international quality standards by JCI. This is now our fourth consecutive successful accreditation and the board commends the entire Doctors Hospital family on maintaining these standards over the past 10 years.

This year the hospital saw increased activity in some areas of our inpatient and outpatient facilities, including the Doctors Hospital West facility on Blake Road. This increase continued to stretch the creativity in our team in managing our human resources, costs and the overall efficiency of the hospital. This success can be attributed to the continued efforts of our team in working to ensure the best quality and safest care for our patients. We remain grateful to our physicians for entrusting their patients to our team and our facility for their care and management. We remain honored to provide care for our patients, their families and loved ones as they are all our customers.



We are particularly proud of the work done at Doctors Hospital West in the past year. We are excited to say that the rebranding efforts at this facility has begun to bear fruit. With the launch and promotion of PrimeCare, our primary care service line, we saw significant growth in the activity at Doctors Hospital West. In addition to PrimeCare we continue to strive for growth in our service lines at DH West including Extended Care, Rehab, Imaging, Lab, Urogynecology, Fecal Microbiota Transplant (FMT) and Hyperbaric Oxygen Therapy (HBOT) to name a few. We look forward to the continued development and growth of services in the upcoming fiscal year including the launch of our Dialysis Unit.

Another area of pride for the Health System is the Organizational Learning department. This year the department continued to offer both competency courses as well as internationally certified courses to continue the embrace of mandatory credentialing throughout the clinical space. Through the sanctioning of the National Accreditation and Equivalency Council of The Bahamas we also remain steadfast in our goal of establishing our fully accredited Institute of Learning.

Doctors Hospital remains committed to being agile as we look to advancements in technology, both clinical and non-clinical to improve our patient experience both in and out of the hospital. This year we furthered our embrace of technology by introducing digital information screens throughout our facilities to help keep both our patients, guests and Associates of ongoing activities in and around our environment. This is in addition to the ongoing development of the Doctors Hospital app and expanded Telehealth services. We also continued the expansion of our presence on social media to further our engagement with patients outside of the hospital environment.

An examination of the work of Doctors Hospital is not complete without mentioning the community-minded efforts of the health system. This past year we continued longstanding partnerships with many medical related fundraising entities including

The Cancer Society of The Bahamas, The AIDS Foundation, The Bahamas Heart Association, The Kingdom National Parkinson Foundation and others. We also maintained our investment in the future leaders of our country through the support of the HEALinc Summit and it's student program and the launch of our very own Bridge to the Future Stem Program for high school students interested in Science, Technology, Engineering and Mathematics. This is an addition to our existing commitment to health screenings, blood drives, and public education particularly via our Distinguished Lecture Series. Our foundation, the Dr. Meyer Rassin Foundation, has aided hundreds of Bahamians in pursuing their future in Healthcare. We invite you to journey with us by financially supporting this foundation to enlarge our capacity in giving.

Even as we look to the success of this past year, we also look forward to the continued growth and expansion of the health system in the upcoming year. This expansion includes the introduction of a dialysis unit at Doctors Hospital West, an inpatient rehab facility in Doctors Hospital Harbourside and further functional and cosmetic upgrades to Doctors Hospital Collins Avenue.

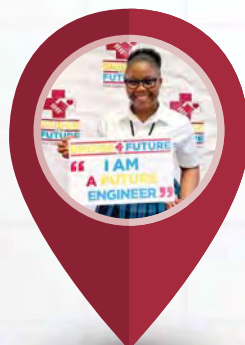
We want to thank the entire Doctors Hospital team for their tireless efforts in continuing to maintain the standard of excellence in service and care of our patients. Our Executive Team, managers, Physicians and Associates are to be commended for ensuring that we hit the mark of offering trusted and best care now. On behalf of the board, I also want to thank you, our shareholders, for the opportunity to continue to lead such a dynamic and strong institution and team.

Sincerely

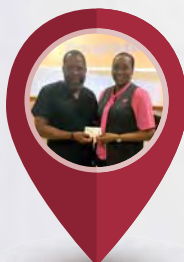
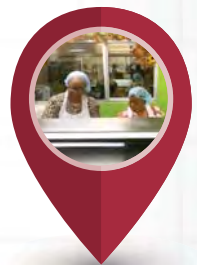


**FELIX
STUBBS**
CHAIRMAN OF THE BOARD
Doctors Hospital Health System Limited

DOCTORS HOSPITAL YEAR IN



HEALTH SYSTEM REVIEW



MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

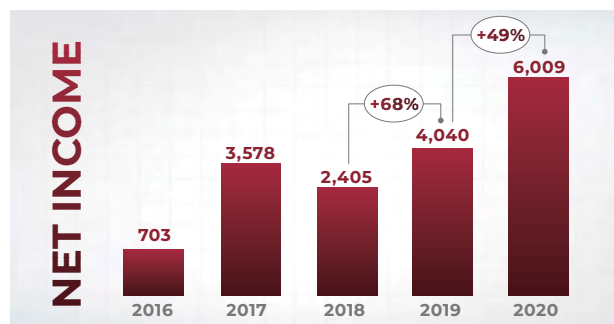
FISCAL 2020 RESULTS OF OPERATIONS

NET INCOME

Consolidated Net profit totalled \$6,009,685 or \$0.60 per share, for the year ended January 31, 2020 ("FYE 2020"), compared to a profit of \$4,040,470 or \$0.41 per share per share, for the year ended January 31, 2019 ("FYE 2019"). Net income grew year over year ("YoY") by approximately 48.7% and reflects the second consecutive year of record financial performance considering the past five (5) years earnings development.

Management continued its prior year focus to narrow the losses at Bahamas Medical Centre ("Doctors Hospital West"). Based on the introduction of a primary care outpatient service offering and cost improvement measures, losses narrowed from (\$724,949) in FYE 2019 to (\$504,245) in FYE 2020, representing an improvement of 30.4% YoY.

Figures in Thousands (Rounded)



REVENUE DEVELOPMENT

For FYE 2020, net patient services revenue increased \$5,967,964 or 9.8% vs. the prior year, primarily at Doctors Hospital Bahamas, Shirley Street, driven in part by a sharp increase in emergency room visits, which was associated with an increase in revenues of \$1,192,885 or 13.3% vs. the prior year. In FYE 2020, emergency room revenues were \$8,969,890.

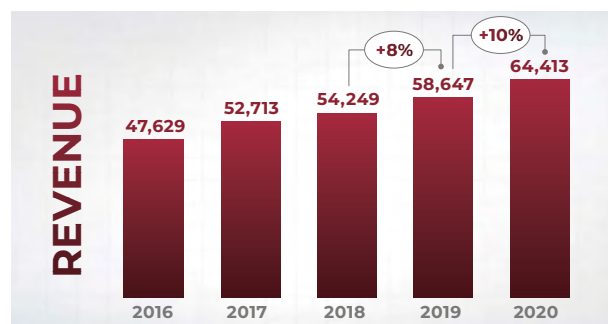
ER visits grew from 10,515 in FYE 2019 to 13,645 in FYE 2020 or 29.7%.

Total admissions to the facility nonetheless fell, and were 3,870 in FYE 2020, compared to 4,634, driven mainly by less acute emergency room patients requiring hospitalization, and a decline in patient activity from the Turks and Caicos Islands. Adult patient days, a core measure of activity, was 14,262 for FYE 2020, compared to 14,410 the year prior, a modest increase.

Net patient services revenue nonetheless grew by 9.8%, driven by:

1. The onboarding of several specialist physicians, namely in anesthesia and neurosurgery;
2. A robust and organic pick-up in imaging studies, which grew to 28,163 in FYE 2020 vs. 25,063 in FYE 2019;
3. (Re)launch of a speech therapy service line, and strong growth in inpatient and outpatient rehab;
4. Strong development in laboratory services based on higher testing activity and charge master updates;
5. An uptick in OR activity, which by grew by 5.0% YoY.

Net Patient Services Revenues - Figures in Thousands (Rounded)



EXPENSES

Total expenses for the year were \$60,740,078 vs. \$56,741,329 in the prior year, an increase of \$3,998,749 or 7.0%.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The key drivers of higher overall expenses are salaries and benefits (“staffing costs”) which were \$27,327,365 in FYE 2020 and increase of \$1,059,355 or 4.0% YoY. The increase is almost entirely as a result of management’s ratification of an associate profit sharing program, which involved an accrual of \$619,555 in FYE 2020, and a performance bonus program which involved an expense of \$338,885. Excluding these effects, staffing costs grew by \$100,915 or 0.4% despite an uptick in revenues of 9.8%, demonstrating improved labor efficiency.

Both associate profit sharing and performance bonuses are vital parts of Doctors Hospital’s overall strategy to align the financial interests of the company with those of its associates, by allowing associates to directly and tangibly participate in the Hospital’s financial success. Ratification of these programs in FYE 2020 is indicative of Management’s commitment to incentivize associate performance and manage cost in this area by shifting a higher portion of overall compensation to a variable component.

ACCOUNTS RECEIVABLE AND EXPECTED LOSS ALLOWANCE

The loss allowance on the income statement recognized in the current year was \$1,843,197 or 2.9% of net patient services revenue, vs. \$470,086 or 0.8% of net patient services revenue in FYE 2019. Because the adoption of IFRS 15 which occurred in FYE 2019 in part shifts both the geography and timing of when financial risk is recognized, Management presents a comparative analysis of the amounts adjusted out of revenues under IFRS 15 as well as the loss allowance booked on the income statement.

On a net basis considering both effects as shown in the table top right, the total financial risk borne on the

income statement declined as a percentage of net patient services revenue from 4.9% in FYE 2019 to 4.1% in FYE 2020.

	FYE 2020	FYE 2019
Adjusted revenue and reduced trade receivables (Under IFRS 15)	\$798,880	\$2,415,650
Loss allowance on the income statement (Under IFRS 9)	\$1,843,197	\$470,086
Total financial risk reflected on the income statement	\$2,642,077	\$2,885,736
Percentage of net patient services revenue	4.1%	4.9%

In addition to the financial risk presented on the income statement, Management recorded a period ending allowance of \$2,278,498 for FYE 2020, compared with \$1,792,644 in the period prior. Trade receivables written off in the year were \$1,908,423 vs. \$3,169,980 in the year prior.

LIQUIDITY

Cash and cash equivalents grew strongly in FYE 2020 and stood at \$7,915,218 vs. \$5,328,590 at the end of FYE 2019. Excluded from cash and cash equivalents as presented, the Group held its excess cash in fixed income investments of \$4,956,758, which grew from \$2,147,088 in the prior year.

In addition to available cash and cash equivalents and fixed income investments, the Group maintained an overdraft facility in the amount of \$2,700,000 at period end, which it subsequently increased to \$5,000,000. The facility at period end was undrawn.

Capital expenditure for fiscal 2021 is projected at \$2.0 million for replacement equipment and facility improvements and will be funded with internal cash-flow.

No new borrowings were undertaken in FYE 2020.



Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville,
P.O. Box N-7120
Nassau, Bahamas

Tel: +1 (242) 302 4800
Fax: +1 (242) 322 3101
www.deloitte.com/bs

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Doctors Hospital Health System Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Doctors Hospital Health System Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at January 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at January 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Expected credit losses on trade receivables	<p>At January 31, 2020, the Group has trade receivables of \$11,531,357 against which an expected credit loss of \$2,278,498 was recorded (Refer to Note 8 to the consolidated financial statements).</p> <p>The Group adopted IFRS 9 Financial instruments in the prior year which involved the determination of expected credit losses (“ECL”). The determination of ECL is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management based on historical loss data adjusted for forward-looking information.</p>	<p>We reviewed the Group’s methodology for determining its ECL for trade receivables. We also tested the design and implementation of the controls surrounding the ECL provisioning process. We analyzed the key assumptions used in management’s analysis including historical loss data and forward-looking information and tested the data for accuracy and completeness. We recalculated the ECL using management’s methodology. For long-outstanding balances, we reviewed subsequent receipts to assess the extent of credit risk exposure and performed a sensitivity analysis on management’s loss rate to identify the impact that a change in the rate will have on the expected credit loss.</p>
Recognition of Patient Service revenue	<p>For the year ended January 31, 2020, the Group continues to recognize revenue in line with IFRS 15 and its five-step model approach to revenue recognition. In determining whether a contract exists with customers, management assesses whether any classes of customers do not have the ability and intent to pay consideration when due, and this forms part of the revenue recognition criteria. This assessment requires significant judgment on the inclusion of certain customers, based on patient demographics and historical payment patterns.</p>	<p>We assessed the reasonableness of management’s determination of classes of customers and tested information supporting their demographics and payment history. For each of the criteria considered by management, we assessed if the conditions were met to be recognized as revenue. We reviewed the historical bad debt write offs in order to identify any additional classes of patients whose revenue should not be recognized.</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

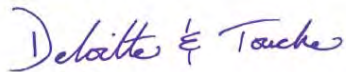
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is S. Tshombe Godet.

A handwritten signature in purple ink that reads "Deloitte & Touche".

Nassau, Bahamas
May 25, 2020

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT JANUARY 31, 2020***(Expressed in Bahamian dollars)*

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 7)	\$ 7,915,218	\$ 5,328,590
Trade receivable - patients, net (Note 8)	1,192,419	605,340
Trade receivable - third-party payors, net (Note 8)	8,060,440	7,011,745
Inventories (Note 9)	2,412,460	2,225,029
Other assets (Note 10)	<u>2,249,504</u>	<u>2,465,721</u>
Total current assets	<u>21,830,041</u>	<u>17,636,425</u>
NON-CURRENT ASSETS:		
Investments (Note 11)	5,226,758	2,417,088
Goodwill (Note 12)	430,902	430,902
Other intangible assets (Note 13)	289,750	345,068
Property and equipment (Note 14)	23,300,670	23,548,515
Right of use assets (Note 15)	<u>2,101,183</u>	<u>-</u>
Total non-current assets	<u>31,349,263</u>	<u>26,741,573</u>
TOTAL ASSETS	<u><u>\$ 53,179,304</u></u>	<u><u>\$ 44,377,998</u></u>

(Continued)

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31, 2020

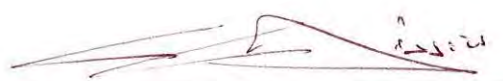
(Expressed in Bahamian dollars)

	2020	2019
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other liabilities (Notes 16 and 21)	\$ 6,267,269	\$ 4,639,423
Current portion of lease liabilities (Note 15)	360,935	-
Current portion of long-term debt (Note 17)	<u>213,927</u>	<u>205,162</u>
Total current liabilities	<u>6,842,131</u>	<u>4,844,585</u>
NON-CURRENT LIABILITY:		
Lease liabilities (Note 15)	2,064,863	-
Long-term debt (Note 17)	<u>3,669,193</u>	<u>3,883,120</u>
Total liabilities	<u>12,576,187</u>	<u>8,727,705</u>
EQUITY		
Share capital:		
Authorized 12,500,000 Common shares at par value of \$0.04 (2019: 12,500,000); issued and fully paid 9,971,634 (2019: 9,971,634)	398,865	398,865
Contributed surplus	12,358,030	12,358,030
Retained earnings	<u>27,846,222</u>	<u>22,893,398</u>
Total equity	<u>40,603,117</u>	<u>35,650,293</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 53,179,304</u>	<u>\$ 44,377,998</u>


(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on May 25, 2020, and are signed on its behalf by:



Director



Director

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED JANUARY 31, 2020***(Expressed in Bahamian dollars)*

	2020	2019
REVENUE:		
Patient services revenue, net	\$ 64,413,360	\$ 58,647,063
Other revenue, net	<u>2,336,403</u>	<u>2,134,736</u>
Total revenue	<u>66,749,763</u>	<u>60,781,799</u>
EXPENSES:		
Salaries and benefits (Notes 18, 21 and 22)	27,327,365	26,268,010
Medical supplies (Note 9)	8,396,924	8,553,209
Medical services (Note 21)	8,316,898	7,330,064
Other operating expenses	3,054,356	3,382,790
Depreciation and amortization (Notes 13, 14 and 15)	3,505,469	3,009,373
Utilities	1,752,953	1,748,128
Government taxes and fees (Note 19)	1,767,708	1,537,696
Outside services	1,666,813	1,519,088
Repairs and maintenance	985,143	1,151,477
Insurance	916,693	940,502
Dietary expenses	702,104	685,534
Loss allowance (Note 8)	1,843,197	470,086
Rent	11,534	444,977
Interest expense	323,168	166,588
Loss on disposal of property and equipment	23,655	28,305
Legal (reversal of) expenses	<u>146,098</u>	<u>(494,498)</u>
Total expenses	<u>60,740,078</u>	<u>56,741,329</u>
PROFIT AND COMPREHENSIVE INCOME		
FOR THE YEAR	<u>\$ 6,009,685</u>	<u>\$ 4,040,470</u>
EARNINGS PER SHARE (Note 23):		
Basic and fully diluted	<u>\$ 0.60</u>	<u>\$ 0.41</u>

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JANUARY 31, 2020

(Expressed in Bahamian dollars)

	<u>Number of shares</u>	<u>Share capital</u>	<u>Contributed surplus</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 31, 2018	9,971,634	\$ 398,865	\$ 12,358,030	\$ 19,451,226	\$ 32,208,121
Total comprehensive income	-	-	-	4,040,470	4,040,470
Dividends paid					
(\$0.06 per share (Note 20))	-	-	-	(598,298)	(598,298)
Balance at January 31, 2019	9,971,634	398,865	12,358,030	22,893,398	35,650,293
IFRS 16 transition adjustment (Note 2)	-	-	-	(259,130)	(259,130)
Balance at January 31, 2019 restated	9,971,634	398,865	12,358,030	22,634,268	35,391,163
Total comprehensive income	-	-	-	6,009,685	6,009,685
Dividends paid					
(\$0.08 per share (Note 20))	-	-	-	(797,731)	(797,731)
Balance at January 31, 2020	<u>9,971,634</u>	<u>\$ 398,865</u>	<u>\$ 12,358,030</u>	<u>\$ 27,846,222</u>	<u>\$ 40,603,117</u>

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2020***(Expressed in Bahamian dollars)*

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	\$ 6,009,685	\$ 4,040,470
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest expense	323,168	166,588
Loss on disposal of property and equipment	23,655	28,305
Loss allowance (Note 8)	1,843,197	470,086
Depreciation and amortization (Notes 13, 14 and 15)	<u>3,505,469</u>	<u>3,009,373</u>
Operating income before working capital changes	11,705,174	7,714,822
(Increase) decrease in trade receivable	(3,478,971)	301,449
Increase in inventories	(187,431)	(2,724)
(Decrease) increase in other assets	216,217	(580,851)
Increase in accounts payable and other liabilities	<u>1,627,846</u>	<u>731,362</u>
Net cash from operating activities	<u>9,882,835</u>	<u>8,164,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment (Note 14)	(2,816,055)	(8,061,665)
Proceeds from the sale of property and equipment	56,720	-
Purchase of intangible assets (Note 13)	(57,432)	(79,595)
Purchase of investments (Note 11)	<u>(2,809,670)</u>	<u>(2,387,088)</u>
Net cash used in investing activities	<u>(5,626,437)</u>	<u>(10,528,348)</u>

(Continued)

See notes to consolidated financial statements.

**DOCTORS HOSPITAL HEALTH SYSTEM LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2020***(Expressed in Bahamian dollars)*

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in long-term debt (or proceeds from bank loan)	\$ -	\$ 4,235,000
Principal repayment of long-term debt (Note 17)	(205,162)	(146,718)
Interest paid	(195,113)	(166,588)
Payment of lease liabilities (Note 15)	(471,764)	-
Dividends paid to shareholders (Note 20)	<u>(797,731)</u>	<u>(598,298)</u>
Net cash (used in) from financing activities	<u>(1,669,770)</u>	<u>3,323,396</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,586,628	959,106
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,328,590</u>	<u>4,369,484</u>
END OF YEAR (Note 7)	<u>\$ 7,915,218</u>	<u>\$ 5,328,590</u>
SUPPLEMENTAL INFORMATION:		
Interest received	<u>\$ 116,253</u>	<u>\$ 126,581</u>

(Concluded)

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JANUARY 31, 2020

(Expressed in Bahamian dollars)

1. GENERAL

Doctors Hospital Health System Limited (“DHHS” or the “Group”) was incorporated under the laws of the Commonwealth of The Bahamas on July 1, 1986. Shares of the Group are publicly traded and listed on the Bahamas International Securities Exchange. The Group provides a broad range of healthcare services. The consolidated financial statements for the year ended January 31, 2020 comprise the Group and its subsidiaries as described in Note 6.

These consolidated financial statements are presented in Bahamian Dollars and are rounded to the nearest dollar.

The Group’s registered office is located at Sassoon House, Shirley Street and Victoria Avenue, Nassau, Bahamas.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current fiscal year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which were effective for annual reporting periods beginning on or after February 1, 2019. With the exception of IFRS 16 Leases, the adoption of these Standards and Interpretations has not led to any significant impact in the Group’s accounting policies, operations or financial statements other than certain additional disclosures contained herein.

IFRS 16 Leases

The Group has adopted IFRS 16 on February 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at February 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3m. On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease

contracts entered into or changed on or after February 1, 2019.

As a lessee

As a lessee, the Group leases many assets. The Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right of use (“ROU”) assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at February 1, 2019. ROU assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group’s incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise ROU assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the ROU assets at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out property which are classified under property and equipment. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Impact on transition

On transition to IFRS 16, the Group recognised ROU assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	February 1, 2019
	\$
Right of use assets	2,510,377
Lease liabilities	2,769,507
Retained earnings	(259,130)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at February 1, 2019, which was 4.9%.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 9	<i>Prepayment Features with Negative Compensation</i> (Amendments)
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 3	<i>Business Combinations</i> (Amendments)
IFRS 11	<i>Joint Arrangements</i> (Amendments)
IAS 12	<i>Income Taxes</i> (Amendments)
IAS 19	<i>Employee Benefits</i> (Amendments)
IAS 23	<i>Borrowing Costs</i> (Amendments)
IAS 28	<i>Investments in Associates and Joint Ventures</i> (Amendments)

The following standards, amendments and interpretations are only effective for accounting periods beginning on or after the aforementioned date. Management has not assessed whether the relevant adoption of these standards, interpretations and amendments in future periods will have a material impact on the consolidated financial statements of the Group.

b. New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 3	<i>Definition of a Business</i> (Amendments)
IFRS 17	<i>Insurance Contracts</i>
IAS 1	<i>Definition of Material</i> (Amendments)
IAS 8	<i>Definition of Material</i> (Amendments)
	<i>Amendments to References to Conceptual Framework in IFRS Standards</i>

At this time, management does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance*** - The consolidated financial statements of DHHS have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).
- b. Basis of preparation*** - The consolidated financial statements have been prepared on a historical cost basis except for financial assets and liabilities.
- c. Basis of consolidation*** - These consolidated financial statements incorporate the financial statements of the Parent Company, DHHS, and entities controlled by it which comprise: Doctors Hospital (Bahamas) Limited (“DHB”), Doctors Hospital (East) Limited (“DHE”), Doctors Hospital (West) Limited (“DHW”), Bahamas Medical Center Limited (“BMC”).

and Doctors Hospital (Harbourside) Limited (“DHH”). The Company and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

The management accounts of the subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies. All intra-group transactions, balances, income and expenses and unrealised income and expense arising from inter-group transactions are eliminated in full upon consolidation.

- d. Cash and cash equivalents** - Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.
- e. Foreign currency translation** - These consolidated financial statements are measured using the currency of the primary economic environment in which the Group’s operates. The consolidated financial statements are presented in Bahamian dollars, which is the Group’s functional and presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are denominated in foreign currencies and carried at fair value are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and carried at historical cost are translated at the rate prevailing at the date of the transaction.

- f. Financial instruments** - Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income or at amortised cost. Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Group determines the classification of its financial assets on initial recognition and reclassification of financial assets is only allowed if the Group changes its business model for managing financial assets. No reclassification of financial liabilities is allowed.

A financial asset is classified as at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Financial assets classified at amortised cost are carried at the amount at which the asset was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any premium or discount, and minus any write-down for impairment or uncollectibility.

A financial asset is classified as at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristic of the asset. The three measurement categories are as noted above.

After initial recognition financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

- g. *Impairment of financial assets*** - The Group recognises loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and measures impairment losses at amount equal to 12-month ECL or lifetime ECL depending on the stage in which

the asset is classified. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In determining whether a significant increase in credit risk has occurred since initial recognition, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

Impairment losses for financial assets measured at amortised cost are deducted from the gross carrying amount of assets.

- h. Inventories** - Inventories consist of pharmaceutical and medical supplies. Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition (including freight and duty) are accounted for on a first-in-first-out basis. Net realisable value is the estimated selling price less cost to sell in the ordinary course of business.
- i. Goodwill** - Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment is assessed as indicated under impairment of non-financial assets.
- j. Intangible assets** - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Impairment is assessed as indicated under impairment of non-financial assets.

Intangible assets represent the core computer software application in the Group's healthcare information system and other related applications and are amortised using the straight-line method over a period of three to seven years.

- k. Property and equipment** - Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less accumulated impairment losses. Such cost includes the cost of replacing part of the fixed asset when that cost is incurred, if the recognition criteria are met.

Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings	20 - 40 years
Leasehold improvements	3 - 10 years
Furniture and equipment	3 - 10 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable

amount, the assets are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

1. ***Impairment of non-financial assets*** - The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods. The Group performed its annual impairment test of goodwill as at January 31, 2020.

- m. Leases** – The Group has adopted IFRS 16 on February 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

Policy applicable from February 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into on or after February 1, 2019.

a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, the ROU asset is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease

or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

b) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of other revenue, net in the consolidated statement of profit or loss and other comprehensive income.

Policy applicable before February 1, 2019

For contracts entered into before February 1, 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets;
and
- The arrangement had conveyed a right to use the asset.

a) As a lessee

In the comparative period, as a lessee the Group classified leases as operating leases and no assets or liabilities were recognised in the Group's consolidated statement of financial position. Payments made under operating leases were recognised in the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

b) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a financial lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

- n. Revenue recognition** - Net patient service revenue is recognised when healthcare services are delivered at established billing rates less any estimated variable consideration, which may be explicit or implicit as defined under IFRS 15, and adjusted for allowances for contractual discounts.

The delivery of care for each patient and medical episode is considered unique. There are many variables that are factored into the delivery of care as driven by clinicians in the healthcare environment i.e. diagnosis, co-morbidities, gender, blood type, disease stage, prognosis etc. Therefore, multiple treatments and/or interventions may be required and are administered during a single medical episode. As care is delivered, the items related to the delivery of care are considered fulfilled, and revenue is recognised day by day, as services are provided to patients for each medical episode.

- o. Other income** - Other income comprises of dividend income from investments which is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably), interest income which is recognised on an accrual basis, revenue recognised from leases is described in note 3(m), and income earned through agreements with third party contracted physicians.
- p. Pension benefits** - The Group has a defined contribution pension plan. Contributions under the plan are recorded as expense in the consolidated statement of profit or loss and other comprehensive income. The Group recognises a liability for their portion and employee contributions withheld which are unpaid at the reporting date. There are no further obligations beyond the contribution.
- q. Earnings per share** - Basic earnings and fully diluted earnings per common share are computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.
- r. Income taxes** - There are no income taxes imposed on the Group by the Commonwealth of The Bahamas.
- s. Value Added Tax (VAT)** - On January 1, 2015, the Government of The Bahamas implemented Value Added Tax (VAT). Output VAT relates to sales of goods and services is payable to the Government upon its delivery to customers. Input VAT on goods and services purchased is generally recoverable against output VAT. VAT related to sales / purchases and services provision / receipt which are outstanding at the consolidated statement of financial position date is recognised in the consolidated statement of financial position on a net basis and disclosed within current liabilities.

- t. Provisions** - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The estimate is based on the quantum as assessed by Management, based in part on internal and external legal advice, and considering if any other co-defendants are likely to be partially liable in a claim and the likely split between the Group and co-defendants.

Details of claims are not separately disclosed where sensitive in nature or where such disclosure may impact negotiations.

- u. Contingencies** - A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements. They are not disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be recovered, the recovery shall be recognised when, and only when, it is virtually certain that it will be received if the Group settles the obligation. Recoveries arising from a liability claim are recognised as a receivable.

A contingent asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

- v. Investment in associates and joint ventures** - The Group recognises investment in associated companies using the equity method or on a cost basis. Cost includes the purchase price and other costs directly attributable to the acquisition or issuance of the asset, such as external professional fees, legal fees and transactions. The Group does not have joint ventures.
- w. Events after the reporting date** - Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments and estimates - The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities, income and expenses and disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience and various other factors that are

believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Revenue recognition

Revenue earned by third party contracted physicians is recognised in the consolidated financial statements. For accounting purposes in accordance with IFRS 15, the Group is classified as a principal, as it assumes the credit risk relative to trade receivable due from self-pay patients and third-party payors, which is recognised consistent with IFRS 9.

Under IFRS 15, the Group is required to assess where it is probable that it would collect the consideration to which it is entitled under the exchange, among other factors which would evidence the existence of a contract. Management primarily analysed collectability for self-pay patients, which comprise approximately 13% of net patient services revenue. Management then considered various patient demographic factors in its assessment of collectability, principally the age of the patient and nature of service rendered (critical vs. non-critical and outpatient care), and the country of origin (local vs. non-local) of the patient. Where a contract was not judged to exist, revenue was not recorded.

b. Contractual discounts

Estimates of contractual allowances are based upon the payment terms specified in the related contractual agreements. The estimated reimbursement amounts are subject to adjustment in subsequent periods as final settlements are determined based on detailed review of bills submitted for payment. Variable consideration, both explicit and implicit are considered in accordance with IFRS 15.

c. Provision for doubtful accounts

IFRS 9 replaced IAS 39 requiring the Group to provision for doubtful accounts using an expected credit loss (“ECL”) model, which no longer necessitates that a credit event occur before credit losses are recognised. The development of an ECL model requires that management apply judgement based on past experience especially for aged receivables and assumptions and estimations in the assessment of credit risk, which include the use of historical data on loss experience for self-pay patients and insurance patients, as well as a forecast of future economic conditions.

The Group assessed ECL for insurance patients, which account for approximately 87% of its revenue, and self-pay patients, separately. The assessment is based on two (2) years historical loss rates for each patient class, considering actual bad debt (credit) experience.

Based on Management judgement and historical experience, any accounts with receivable balances aged greater than 365 days are fully provisioned.

d. Contingencies

The Group is currently a defendant in a number of cases involving claims and disputes mainly related to medical practice. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results.

Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's consolidated financial position and financial performance as stated. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

5. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management purposes, the Group is organized into units based on operating facility and has two reportable operating segments which are Doctors Hospital (Bahamas) Limited (“DHB”) and Bahamas Medical Center Limited. For management accounting purposes, included along with the activity of DHB are Doctors Hospital Health System (“DHHS”), Doctors Hospital (East) Limited (“DHE”) and Doctors Hospital (Harbourside) Limited (“DHH”). Doctors Hospital (West) Limited (“DHW”) and Bahamas Medical Center Limited (“BMC”) are included in the operating segment of BMC for management accounting purposes.

	2020			
	Doctors Hospital (Bahamas) <u>Ltd.</u>	Bahamas Medical Center Ltd.	Unallocated	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 7,689,476	\$ 225,742	\$ -	\$ 7,915,218
Accounts receivable, net	9,028,292	224,567	-	9,252,859
Inventories	2,381,437	31,023	-	2,412,460
Other assets	1,961,060	288,444	-	2,249,504
Total current assets	<u>21,060,265</u>	<u>769,776</u>	<u>-</u>	<u>21,830,041</u>
NON-CURRENT ASSETS:				
Investments	5,226,758	-	-	5,226,758
Goodwill, net	430,902	-	-	430,902
Other intangible assets	289,750	-	-	289,750
Property and equipment	19,414,944	3,885,726	-	23,300,670
Right of use assets	2,101,183	-	-	2,101,183
Total non-current assets	<u>27,463,537</u>	<u>3,885,726</u>	<u>-</u>	<u>31,349,263</u>
TOTAL ASSETS	<u>\$ 48,523,802</u>	<u>\$ 4,655,502</u>	<u>\$ -</u>	<u>\$ 53,179,304</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and other liabilities	\$ 6,161,813	\$ 105,456	\$ -	\$ 6,267,269
Current portion of lease liabilities	\$ 360,935	-	-	360,935
Current portion of long-term debt	213,927	-	-	213,927
Total current liabilities	<u>6,736,675</u>	<u>105,456</u>	<u>-</u>	<u>6,842,131</u>
NON-CURRENT LIABILITY:				
Lease liabilities	2,064,863	-	-	2,064,863
Long-term debt	<u>3,669,193</u>	<u>-</u>	<u>-</u>	<u>3,669,193</u>

2019				
	Doctors Hospital (Bahamas) <u>Ltd.</u>	Bahamas Medical Center Ltd.	<u>Unallocated</u>	<u>Consolidated</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 5,303,745	\$ 24,845	\$ -	\$ 5,328,590
Accounts receivable-patients, net	7,541,810	75,275	-	7,617,085
Inventories	2,199,998	25,031	-	2,225,029
Other assets	<u>2,294,765</u>	<u>170,956</u>	<u>-</u>	<u>2,465,721</u>
Total current assets	<u>17,340,318</u>	<u>296,107</u>	<u>-</u>	<u>17,636,425</u>
NON-CURRENT ASSETS:				
Investments	2,417,088	-	-	2,417,088
Goodwill, net	430,902	-	-	430,902
Other intangible assets	345,068	-	-	345,068
Property and equipment	<u>19,717,520</u>	<u>3,830,995</u>	<u>-</u>	<u>23,548,515</u>
Total non-current assets	<u>22,910,578</u>	<u>3,830,995</u>	<u>-</u>	<u>26,741,573</u>
TOTAL ASSETS	<u>\$ 40,250,896</u>	<u>\$ 4,127,102</u>	<u>\$ -</u>	<u>\$ 44,377,998</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and other liabilities	\$ 4,588,991	\$ 50,432	\$ -	\$ 4,639,423
Current portion of long-term debt	<u>205,162</u>	<u>-</u>	<u>-</u>	<u>205,162</u>
Total current liabilities	<u>4,794,153</u>	<u>50,432</u>	<u>-</u>	<u>4,844,585</u>
NON-CURRENT LIABILITY:				
Long-term debt	<u>3,883,120</u>	<u>-</u>	<u>-</u>	<u>3,883,120</u>
TOTAL LIABILITIES	<u>\$ 8,677,273</u>	<u>\$ 50,432</u>	<u>\$ -</u>	<u>\$ 8,727,705</u>

(Continued)



	2020		
	Doctors Hospital (Bahamas) Ltd.	Bahamas Medical Center Ltd.	Consolidated
Patient services revenue, net	\$ 62,886,578	\$ 1,526,782	\$ 64,413,360
Salaries	26,601,009	726,356	27,327,365
Medical supplies	8,053,278	343,646	8,396,924
Medical services	8,114,669	202,228	8,316,898
Other operating	3,017,873	36,483	3,054,356
Depreciation and amortisation	3,163,075	342,395	3,505,469
Utilities	1,539,115	213,838	1,752,953
Government taxes and fees	1,640,117	127,591	1,767,708
Outside services	1,540,259	126,554	1,666,813
Repairs and maintenance	873,320	111,823	985,143
Insurance	916,693	-	916,693
Dietary expenses	700,791	1,313	702,104
Loss allowance, net of recoveries	1,803,691	39,506	1,843,197
Rent	11,534	-	11,534
Interest expense	323,168	-	323,168
Loss on disposal of property and equipment	23,655	-	23,655
Legal (reversal of) expenses	141,898	4,200	146,098
Total expenses	58,464,146	2,275,932	60,740,078
Segment profit (loss)	4,422,432	(749,150)	3,673,282
Other revenue	2,091,499	244,904	2,336,403
Net income (loss)	\$ 6,513,931	\$ (504,245)	\$ 6,009,685

(Continued)

	2019		
	Doctors Hospital (Bahamas) Ltd.	Bahamas Medical Center Ltd.	Consolidated
Patient services revenue, net	\$ 57,197,087	\$ 1,449,976	\$ 58,647,063
Salaries	25,565,714	702,296	26,268,010
Medical supplies	8,233,272	319,937	8,553,209
Medical services	7,075,807	254,257	7,330,064
Other operating	3,355,298	27,492	3,382,790
Depreciation and amortisation	2,592,564	416,809	3,009,373
Utilities	1,522,150	225,978	1,748,128
Government taxes and fees	1,407,052	130,644	1,537,696
Outside services	1,378,447	140,641	1,519,088
Repairs and maintenance	1,022,580	128,897	1,151,477
Insurance	940,502	-	940,502
Dietary expenses	684,706	828	685,534
Loss allowance, net of recoveries	473,872	(3,786)	470,086
Rent	444,977	-	444,977
Interest expense	166,588	-	166,588
Loss on disposal of property and equipment	7,856	20,449	28,305
Legal (reversal of) expenses	(496,595)	2,097	(494,498)
Total expenses	54,374,790	2,366,539	56,741,329
Segment profit (loss)	2,822,297	(916,563)	1,905,734
Other revenue	1,943,122	191,614	2,134,736
Net income (loss)	\$ 4,765,419	\$ (724,949)	\$ 4,040,470

(Concluded)

6. INVESTMENTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest	
		2020	2019
Doctors Hospital (Bahamas) Limited	Bahamas	100	100
Bahamas Medical Center Limited	Bahamas	100	100
Doctors Hospital (East) Limited	Bahamas	100	100
Doctors Hospital (West) Limited	Bahamas	100	100
Doctors Hospital (Harbourside) Limited	Bahamas	100	100

Doctors Hospital (Bahamas) Limited - provides health care services inclusive of in-patient, out-patient and ambulatory services.

Bahamas Medical Center Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, provides health care services inclusive of out-patient and ambulatory services.

Doctors Hospital (East) Limited - a holding company that has ownership of the land and building that facilitates the operations of Doctors Hospital (Bahamas) Limited.

Doctors Hospital (West) Limited - a holding company that has ownership of the land and building that facilitates the operations of Bahamas Medical Center Limited.

Doctors Hospital (Harbourside) Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, established for the development of a skilled nursing facility and medical residence.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2020	2019
Cash at bank and in hand	\$ 7,898,060	\$ 5,292,316
Short-term deposits	<u>17,158</u>	<u>36,274</u>
	<u>\$ 7,915,218</u>	<u>\$ 5,328,590</u>

Short-term deposits are made for varying periods of between 30 days and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group held short-term deposits in the amount of \$17,158 (2019: \$36,724) in the form of an externally managed treasury account, which is available upon demand within 7-10 business days without penalty to meet any operational cash requirements.

8. TRADE RECEIVABLE, NET

Trade receivable - patients represent amounts due primarily from self-pay patients and balances due from insured patients after settlements by their insurers. Trade receivable - third-party payors represent amounts due from insurance companies.

	2020	2019
Trade receivable - third-party payors	\$ 8,862,632	\$ 7,146,391
Trade receivable - patients	<u>2,668,725</u>	<u>2,263,338</u>
	11,531,357	9,409,729
Allowance for doubtful accounts	<u>(2,278,498)</u>	<u>(1,792,644)</u>
	<u>\$ 9,252,859</u>	<u>\$ 7,617,085</u>

Movement in the allowance for doubtful account was as follows:

	2020	2019
Balance at beginning of the year	\$ 1,792,644	\$ 3,932,444
Loss allowance recognized in the current year	1,843,197	470,086
Recoveries previously written off	551,080	560,094
Doubtful receivables written off in the year	<u>(1,908,423)</u>	<u>(3,169,980)</u>
Balance at end of the year	<u>\$ 2,278,498</u>	<u>\$ 1,792,644</u>

At January 31, the aging analysis of patient and third-party receivables, net of loss allowance, was as follows:

Patient	2020	2019
0-30	\$ 25,594	\$ 148,036
31-90	102,063	180,298
91-180	541,980	170,929
181-270	<u>522,782</u>	<u>106,077</u>
Total	<u>\$ 1,192,419</u>	<u>\$ 605,340</u>
Third-Party Payors	2020	2019
0-30	\$ 6,092,539	\$ 5,302,706
31-90	1,131,963	810,701
91-180	279,350	558,069
181-270	<u>556,588</u>	<u>340,269</u>
Total	<u>\$ 8,060,440</u>	<u>\$ 7,011,745</u>

Management considers trade receivable due from Patient totaling \$1,079,457 (2019: \$457,304) to be past due but not impaired, and trade receivable due from Third-Party Payors totaling \$1,967,901 (2019: \$1,709,039) to be past due but not impaired.

IFRS 9 requires an expected credit loss model be used versus an incurred credit loss model which was applicable under IAS 39. Management assessed expected credit loss rates for self-pay and insured patients separately. The loss rates used to determine the loss allowance is as follows:

	0-30	31-90	91-180	181-270	271-365	365+
2020						
Patient	1.44%	1.44%	1.44%	1.44%	85.00%	100.00%
Third-party payors	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
2019						
Patient	11.30%	11.30%	11.30%	11.30%	83.70%	100.00%
Third-party payors	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

9. INVENTORIES

Inventories are comprised of the following:

	2020	2019
Medical supplies	\$ 1,934,167	\$ 1,670,571
Pharmaceuticals	<u>478,293</u>	<u>554,458</u>
Total inventories at the lower of cost and net realizable value	<u><u>\$ 2,412,460</u></u>	<u><u>\$ 2,225,029</u></u>

The amount of write-downs of inventories recognised as an expense is \$72,894 (2019: \$167,991), which is recognised in medical supplies on the consolidated statement of profit or loss and other comprehensive income. The cost of inventories recognised as an expense during the year was \$8,396,924 (2019: \$8,553,209).

10. OTHER ASSETS

Other assets are comprised of the following:

	2020	2019
Prepaid expenses	\$ 1,653,872	\$ 2,028,183
Advances and other assets	411,819	253,725
Security deposits	<u>183,813</u>	<u>183,813</u>
	<u><u>\$ 2,249,504</u></u>	<u><u>\$ 2,465,721</u></u>

11. INVESTMENTS

Total investments at January 31, 2020 is \$5,226,758 (2019: \$2,417,088), which includes both equity investments of \$270,000 (2019: \$270,000) and fixed income securities with maturities greater than three months in the amount of \$4,956,758 (2019: \$2,147,088). Fixed income securities are classified as financial assets at amortised cost.

	2020	2019
Equity investments	\$ 270,000	\$ 270,000
Fixed income investments	<u>4,956,758</u>	<u>2,147,088</u>
Total investments	<u>\$ 5,226,758</u>	<u>\$ 2,417,088</u>

Equity investments, which are classified as at fair value through other comprehensive income, of \$270,000 (2019: \$270,000) represents a 10% ownership stake in Nassau Laboratory Partners and a 24% ownership stake in Greenrod Medical Limited, doing business as, Advanced PET/CT and Imaging of The Bahamas, both of which are carried at fair value.

12. GOODWILL

Goodwill at January 31, 2020 is \$430,902 (2019: \$430,902). The goodwill recorded relates to the Group's acquisition of imaging subsidiaries related to magnetic resonance imaging ("MRI") and computerized tomography ("CT") scan modalities. The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill may be impaired. The recoverable amount of the cash generating units (CGU) which includes the goodwill is based on a value in use calculation. The value in use has been determined by discounting the future cash flows generated from the continuing use of the CGU.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results for FYE 2020 as a baseline;
- Cash flows for the further five year period are projected using expected annual growth rates based on the five (5) year historical growth rate of the modalities; net of required capital expenditures; and
- A discount rate of 20% is used to estimate the present value of projected cash flow, as well as the present value of the terminal value.

The tests were performed at January 31 and no provision for impairment was deemed necessary.

13. OTHER INTANGIBLE ASSETS

Other intangible assets are comprised of the following:

	2020	2019
Cost:		
Balance at beginning of year	\$ 4,714,121	\$ 4,617,602
Transfers in	-	31,924
Additions	57,432	79,595
Disposals	<u>-</u>	<u>(15,000)</u>
Balance at end of year	<u>4,771,553</u>	<u>4,714,121</u>
Accumulated amortization:		
Balance at beginning of year	4,369,053	4,210,184
Amortisation for the year	112,750	166,012
Disposals	<u>-</u>	<u>(7,143)</u>
Balance at end of year	<u>4,481,803</u>	<u>4,369,053</u>
Net book value	<u>\$ 289,750</u>	<u>\$ 345,068</u>

Other intangible assets represent the core computer software application in the Group's healthcare information system. Amortisation expense is included in the line item 'depreciation and amortisation' in the consolidated statement of profit or loss and other comprehensive income. During the year, fully amortised intangibles of \$Nil (2019: \$394,102) were retired from service. Included as at January 31, 2020 are fully amortized assets of \$3,879,736 (2019: \$3,635,288).

14. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	Land and buildings	Work-in- Progress	Leasehold improvements	Furniture and equipment	Total
COST:					
Balance at January 31, 2018	\$ 20,005,905	\$ 326,866	\$ 3,219,319	\$ 24,352,281	\$ 47,904,371
Transfers (out) in	-	(224,641)	192,717	-	(31,924)
Additions	3,778,740	659,130	228,807	3,394,988	8,061,665
Disposals	-	-	-	(979,771)	(979,771)
Balance at January 31, 2019	23,784,645	761,355	3,640,843	26,767,498	54,954,341
Transfers (out) in	-	(357,467)	131,249	226,218	-
Additions	-	1,115,928	134,749	1,565,378	2,816,055
Disposals	-	-	(25,000)	(518,577)	(543,577)
Balance at January 31, 2020	<u>\$ 23,784,645</u>	<u>\$ 1,519,816</u>	<u>\$ 3,881,841</u>	<u>\$ 28,040,517</u>	<u>\$ 57,226,819</u>
ACCUMULATED DEPRECIATION:					
Balance at January 31, 2018	\$ 9,766,586	\$ -	\$ 1,560,136	\$ 18,195,066	\$ 29,521,788
Depreciation	434,433	-	347,802	2,061,126	2,843,361
Disposals	-	-	-	(959,323)	(959,323)
Balance at January 31, 2019	10,201,019	-	1,907,938	19,296,869	31,405,826
Depreciation	417,912	-	371,675	2,193,938	2,983,525
Disposals	-	-	-	(463,202)	(463,202)
Balance at January 31, 2020	<u>\$ 10,618,931</u>	<u>\$ -</u>	<u>\$ 2,279,613</u>	<u>\$ 21,027,605</u>	<u>\$ 33,926,149</u>
CARRYING AMOUNT:					
At January 31, 2020	<u>\$ 13,165,714</u>	<u>\$ 1,519,816</u>	<u>\$ 1,602,228</u>	<u>\$ 7,012,912</u>	<u>\$ 23,300,670</u>
At January 31, 2019	<u>\$ 13,583,626</u>	<u>\$ 761,355</u>	<u>\$ 1,732,905</u>	<u>\$ 7,470,629</u>	<u>\$ 23,548,515</u>

During the year, fully depreciated assets of \$301,204 (2019: \$889,411) were retired from service. Included in leasehold improvements, furniture and equipment at January 31, 2020 are fully depreciated assets of \$17,307,622 (2019: \$13,392,723).

During the prior year, the Group purchased property totaling \$3,778,740 on East Bay Street for future development of a skilled nursing facility.

15. RIGHT OF USE ASSETS

Right of use assets is comprised of land and buildings which are leased by the Group. The lease terms range from 5 to 32 years from inception of the leases. The ROU assets are depreciated over the respective lease terms.

	2020
Cost:	
Balance at beginning of year, as restated	\$ 3,769,782
Additions	-
Disposals	-
Balance at end of year	<u>3,769,782</u>
Accumulated amortization:	
Balance at beginning of year, as restated	1,259,405
Amortisation for the year	409,194
Disposals	-
Balance at end of year	<u>1,668,599</u>
Net book value	<u><u>\$ 2,101,183</u></u>

Total lease payments for the year ended January 31, 2020 amounted to \$471,764. Interest expense charged on the lease liabilities for the year ended January 31, 2020 amounted to \$128,055.

Lease expense for the year ended January 31, 2020 relating to leases with low value amounted to \$4,000.

The following table shows the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

	2020
Within one year	\$ 471,764
After one year but not more than five years	1,501,005
Between five years and ten years	914,241
More than ten years	-
	<u><u>\$ 2,887,010</u></u>

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are comprised of the following:

	2020	2019
Accrued expenses	\$ 2,483,109	\$ 1,790,956
Accounts payable - trade	2,039,355	1,882,430
Other liabilities	1,126,813	602,654
Vacation benefit accrual	317,729	304,879
VAT payable	<u>300,263</u>	<u>58,504</u>
	<u>\$ 6,267,269</u>	<u>\$ 4,639,423</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Accrued expenses are non-interest bearing and are settled throughout the financial year.
- Other liabilities are non-interest bearing and are normally settled throughout the financial year.
- Vacation benefit accrual is non-interest bearing and employees are encouraged to take time due in the year it is earned.
- VAT payable is paid monthly and is non-interest bearing if paid by the 21st of the following month.

17. BANK BORROWINGS

The Group maintains an overdraft facility to finance working capital needs. The facility is secured by an assignment of trade receivable. Interest is charged at the Bahamian dollar prime rate plus 1.25% per annum. At January 31, 2020 the entire facility of approximately \$2.7 million (2019: \$2.7 million) was undrawn and available.

Bank borrowings are comprised of the following:

	2020	2019
Secured term loan to be repaid over 15 years, plus interest at Bahamas Prime + 0.65% per annum	\$ 3,883,120	\$ 4,088,282
Less: current portion	<u>(213,927)</u>	<u>(205,162)</u>
Long-term portion	<u>\$ 3,669,193</u>	<u>\$ 3,883,120</u>

The Group pledged as collateral all fixed and floating assets owed by Doctors Hospital Bahamas Limited, Doctors Hospital (West) Limited and Bahamas Medical Center Limited.

18. SALARIES AND BENEFITS EXPENSE

Salaries and benefits expense are comprised of the following:

	2020	2019
Salaries and benefits	\$ 26,072,506	\$ 25,041,642
National Insurance costs	791,304	738,052
Pension costs - defined contributions pension plan	<u>463,555</u>	<u>488,316</u>
	<u>\$ 27,327,365</u>	<u>\$ 26,268,010</u>

19. GOVERNMENT TAXES AND FEES

Government taxes and fees are comprised of the following:

	2020	2019
Business license	\$ 779,466	\$ 713,080
Work permit fees	655,988	514,107
Property taxes	<u>332,254</u>	<u>310,509</u>
	<u>\$ 1,767,708</u>	<u>\$ 1,537,696</u>

20. DIVIDENDS PAID

Dividends paid are comprised of the following:

	2020	2019
Dividend on ordinary shares:		
Final dividend for 2020 (\$0.08 per share (2019: \$0.06 per share))	<u>\$ 797,731</u>	<u>\$ 598,298</u>

21. RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Entities with significant influence over the Group	Year	Purchases from Related Parties	Amounts owed to Related Parties
Trauma and Emergency Medical Services Limited (TEMS)	2020	\$ 5,287,280	\$ 227,527
	2019	4,951,207	220,046
Barry Rassin	2020	48,000	4,000
	2019	48,000	-
Med Management Limited	2020	155,440	-
	2019	148,960	-
Critical Care Associates	2020	70,684	-
	2019	52,629	-

Entities with significant influence over the Group

Trauma and Emergency Medical Services Limited ("TEMS")

One of the directors is a principal in TEMS, the entity contracted to provide physician service in the Group's emergency department.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended January 31, 2020 and 2019, the Group had no debts relating to amounts owed by related parties.

Transactions with other related parties

Compensation of key management personnel:

	2020	2019
Short-term employee benefits	\$ 2,422,564	\$ 2,134,875
Post-employment pension benefits	<u>133,567</u>	<u>149,312</u>
Total compensation paid to key management personnel	<u>\$ 2,556,131</u>	<u>\$ 2,284,187</u>

22. PENSION PLAN

The Group has a defined contribution pension plan. Contributions to the plan amount to 10% of gross salaries of eligible Associates. The Group makes 100% of the 10% contribution for executive management personnel and matches all other Associate contributions up to 5% of gross salaries. Group and Associate contributions for the year ended January 31, 2020 amounted to \$1,106,238 (2019: \$1,010,245).

23. EARNINGS PER SHARE

Basic earnings and diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There are no potentially dilutive financial instruments therefore diluted and basic earnings per share are the same.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the year ended January 31:

	2020	2019
Profit for the year	<u>\$ 6,009,685</u>	<u>\$ 4,040,470</u>
Weighted average number of ordinary shares on issue applicable to basic earnings per share	<u>9,971,634</u>	<u>9,971,634</u>
Earnings per share	<u>\$ 0.60</u>	<u>\$ 0.41</u>
Year over year increase (%)	48.7%	68.0%

24. COMMITMENTS

Lease commitments

Rental income for the year ended January 31, 2020 was \$191,959 (2019: \$176,567).

Future expected rental income is \$703,215 (2019: \$129,776).

25. CONTINGENCIES

The Group is subject to claims and lawsuits in the ordinary course of business. The largest category of these relates to medical malpractice. The results of claims, lawsuits and investigations cannot be predicted, and it is possible that from time to time the ultimate resolution of such matters, individually or in the aggregate, may have a material adverse effect on the Group's financial position, financial performance or cash flows.

When necessary, the Group defends itself vigorously against claims and lawsuits. However, the Group recognises that, where appropriate, its interests may be best served by resolving certain matters without litigation. To that end, DHHS consistently engages in service recovery initiatives to satisfy customer needs and expectations and to achieve a non-litigated resolution of patient concerns.

The Group records provisions for claims and lawsuits when they are probable and estimable. The accrued amounts for estimated professional liability claims, to the extent not covered by insurance, are included in accounts payable and other liabilities. Liabilities and corresponding recoveries arising from claims and lawsuits are recorded gross.

For the period ended January 31, 2020, the Group discloses a contingent liability arising from a past lawsuit, which is still in a trial proceeding phase. The Group has not accepted any liability in the matter. The outcome of the trial, and any liability which may arise depends, on various factors which are not yet known, and thus cannot be accrued for by the Group.

26. RISK MANAGEMENT

The Group's principal financial instruments consist of cash and cash equivalents, trade receivables, investments, accounts payable, lease liabilities and long-term debt. The Group does not enter into derivative transactions.

Financial risk management objectives and policies - The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control its financial instruments in a timely and accurate manner. Such written policies are reviewed annually by the Board of Directors.

Credit risk - Credit risk arising from the inability of the counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations at January 31, 2020 in relation to each class of financial assets, is the carrying amount as indicated in the consolidated statement of financial position. Credit risk on liquid funds is limited because counterparties are reputable banks.

Concentrations of credit risk - The Group grants credit without collateral to its patients, most of which are local residents and are insured under third-party payor agreements. The maximum percentage owed by any one third-party payor is 23.5% (2019: 25.6%).

The mix of receivables (shown net) from patients and third-party payors at January 31, 2020 was as follows:

	2020	2019
Patients	13%	8%
Third party payors	<u>87%</u>	<u>92%</u>
	<u>100%</u>	<u>100%</u>

The financial assets of the Group comprise mainly of cash and cash equivalents, receivables from patients and third-party payors and investments. The disclosure of the trade receivables' balances past due and impaired, and past due and not impaired is disclosed in Note 8. While cash and cash equivalents and investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk - The Group is exposed to liquidity risk in connection with its debt obligations, accounts payable and accrued expenses. Liquidity risk arises if the Group is unable to collect its receivables quickly at fair value, thereby affecting the Group's ability to repay its debts. The Group monitors its cash flows on a regular basis and has access to overdraft facilities as described in Note 17. The financial assets and liabilities are deemed to be current.

The following table summarises the carrying amount of financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period to the contractual maturity dates as of the reporting date and represent undiscounted cash flows.

2020	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	\$ 7,915,218	\$ -	\$ -	\$ -	\$ 7,915,218
Trade receivables	9,252,859	-	-	-	9,252,859
Investments	-	-	-	5,226,758	5,226,758
Total financial assets	\$ 17,168,077	\$ -	\$ -	\$ 5,226,758	\$ 22,394,835
Liabilities					
Accounts payable and other liabilities	\$ 6,267,269	\$ -	\$ -	\$ -	\$ 6,267,269
Lease liabilities	88,586	272,349	1,218,828	846,035	2,425,798
Long-term debt	53,005	161,932	974,922	2,693,261	3,883,120
Total financial liabilities	\$ 6,408,860	\$ 434,281	\$ 2,193,750	\$ 3,539,296	\$ 12,576,187
Net liquidity gap	\$ 10,759,217	\$ (434,281)	\$ (2,193,750)	\$ 1,687,462	\$ 9,818,648

2019	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	\$ 5,328,590	\$ -	\$ -	\$ -	\$ 5,328,590
Trade receivables	7,617,085	-	-	-	7,617,085
Investments	-	-	-	2,417,088	2,417,088
Total financial assets	\$ 12,945,675	\$ -	\$ -	\$ 2,417,088	\$ 15,362,763
Liabilities					
Accounts payable and other liabilities	\$ 4,639,423	\$ -	\$ -	\$ -	\$ 4,639,423
Long-term debt	51,037	154,157	928,271	2,954,817	4,088,282
Total financial liabilities	\$ 4,690,460	\$ 154,157	\$ 928,271	\$ 2,954,817	\$ 8,727,705
Net liquidity gap	\$ 8,255,215	\$ (154,157)	\$ (928,271)	\$ (537,729)	\$ 6,635,058

Interest rate risk - Interest rate risk is the risk that future cash flows of fair value of a financial instrument will fluctuate because of changes in the market interest rates. The Group bears interest rate risk relating to interest received on bank deposits and fixed income securities and interest paid on bank borrowings. If interest rates increase/decrease by 50 basis points and all other variables remain constant, the Group's profit over the next 12 months is estimated to increase/decrease by \$6,359.

Operational risk - Operational risk is the risk that deficiencies in information systems or internal controls result in unexpected business, financial and operating losses. The identification and control of these risks is managed by the Group's management team. The Group's management team conducts regular reviews of all operational areas to ensure

operational risks are being properly controlled and reported to the Finance/Audit Committee. Contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

Foreign currency risk - The Group is not exposed to any significant foreign currency risk.

Fair value of financial instruments - Financial instruments utilised by the Group include recorded assets and liabilities. Most of the Group's financial instruments are short-term in nature or have interest rates that reset to market on a regular basis. Accordingly, the estimated fair value of the financial instruments is not materially different from the carrying value for each major category of the Group's recorded assets and liabilities.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management program is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group regards equity as capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended January 31, 2020 or January 31, 2019.

28. SUBSEQUENT EVENT

Subsequent to the reporting date, COVID-19, a global pandemic, impacted the Commonwealth of The Bahamas. The Government of the Commonwealth of The Bahamas ("the Government") enacted the Emergency Powers Act and the Emergency Powers (Covid 19) Regulations which document the measures taken by the Government to stem the spread of COVID-19. Under the Emergency Powers, hospitals and healthcare facilities are permitted to operate. The Emergency Powers Act provides that any medical/health facilities operating at the direction and or control of the Government shall be entitled to compensation promptly following the passage of the crisis. Additionally for the health and safety of the Group's employees as well as the public, all outpatient services were discontinued in March 2020. Outpatient services are planned to resume in phases by June 2020.

* * * * *

PROFESSIONAL ADVISORS

BANKERS

ROYAL BANK OF CANADA

ROYAL BANK HOUSE
EAST HILL STREET
PO BOX N-7549
NASSAU, BAHAMAS

T: 242-356-8500

F: 242-325-8483

COUNSEL & ATTORNEYS

GRAHAM, THOMPSON & CO

SASSOON HOUSE
SHIRLEY STREET &
VICTORIA AVENUE
PO BOX N-272
NASSAU, BAHAMAS

T: 242-322-4130

F: 242-328-1069

REGISTER & TRANSFER AGENT*

BAHAMAS CENTRAL SECURITIES DEPOSITORY

FORT NASSAU CENTRE
BRITISH COLONIAL HILTON
2ND FLOOR, SUITE #202

T: 242-322-5573

F: 242-356-3613

AUDITORS

DELOITTE & TOUCHE

CHARTERED ACCOUNTANTS AND
MANAGEMENT CONSULTANTS
2ND TERRACE WEST,
CENTREVILLE
PO BOX N-7120
NASSAU, BAHAMAS

T: 242-302-4800

F: 242-322-3101

*Any other comments or inquiries
should be addressed to:*

CHIEF EXECUTIVE OFFICER

DOCTORS HOSPITAL HEALTH SYSTEM
11 COLLINS AVENUE
PO BOX N-3018
NASSAU, BAHAMAS

T: 242-302-4640

F: 242-356-2704



**Shareholders should refer specific questions regarding their shareholdings to the listed Register & Transfer Agent*

EXECUTIVE MANAGEMENT TEAM



DR CHARLES
DIGGISS
President



CHARLES
SEALY
Chief Executive Officer



DENNIS
DEVEAUX
Chief Financial Officer



DR SHEENA
ANTONIO-COLLIE
Chief Medical Officer



BRIDGETTE
SHERMAN
Sr. VP of Patient Care Services



MICHAELA
SUMNER-BUDHI
Legal Counsel



DR JAMES
IFERENTA
VP Medical Affairs



PAUL
HAVEN
VP Human Resources



PATRICE
ANTONIO
VP of Corporate Finance



MARSHA
SANDS
VP Quality & Patient Safety



DORCENA
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STUBBS
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Vice Chairman



LEROY
ARCHER



DR CHARLES
DIGGISS



BARRY
RASSIN



KAREN
CAREY



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HIGGS



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